

Productivity Commission – Club Submission Re. Inquiry into Gambling

Introduction

This submission is lodged on behalf of the Board of Directors, Management, Staff and Members of St Marys Rugby League Club.

The Club is totally committed to honouring its constitutional objects and is extremely proud of its reputation in the community and in the rugby league world. But over the last 10 years our industry has been under constant attack and even portrayed by some as being evil by the virtue of operating gaming machines. The media even reported that a prominent figure referred to gaming operators as the equivalent of a crack cocaine dealer or a low life who gleefully allows unsafe products to wreak havoc on the community. This has been very upsetting, extremely disappointing and frustrating for those who work in the Club, the industry and all those who volunteer their time to serve their local community. It is for this reason that the Board felt compelled to lodge this submission on behalf of those people, the Club's members and the community all of whom benefit from the existence of St Mary Rugby League Club.

The Club industry welcomes this inquiry, an inquiry based on fact rather than fiction. Clubs and the gaming industry have been an easy mark for those with personal or political agendas and those who simply do not understand the industry. This inquiry will expose and discredit such persons and those who constantly put forward lies and misinformation as fact.

When the Casino opened and hotels were permitted poker machines the media and politicians viewed all gaming venues as one in the same and clubs seemed to lose their identity. The Club industry in NSW is unique in the world and is a culture that has successfully existed for over 50 years. It is absolutely critical that the inquiry identifies and differentiates the difference between community owned gaming and privately owned gaming.

St Marys Rugby League Club is just one of over 1,500 licensed clubs in New South Wales. One of the oldest clubs in the Penrith District, being formed with the advent of rugby league in Australia in 1908, in 1981 St Marys Rugby League Club Ltd gained approval to commence a \$1.5m development plan, fulfilling a two decade dream to build a licensed premises. The licensed club officially opened for trade on Melbourne Cup day in 1982. Since that time the Club has continued to grow with the community and provides facilities for a membership base of 38,000. The Club is recognised and respected as an integral part of the community and has a very loyal membership.

Located in Sydney's outer western suburbs, the Club has over 400 gaming machines and acknowledges and accepts its responsibilities in relation to their operation and problem gambling. The Club is committed to minimising problem gambling and is proud to be a member of ClubSafe, one of the best problem gambling programs in the world. Gaming machines are offered as part of the Club's overall entertainment package and based on the Commissions own inquiry in 1999, 98% of clubs do so in a responsible manner.

The Club would like to provide comment on some of the "Terms of Reference" and insight into the objects, values and commitment of St Marys Rugby League Club to the community.

Following is a list of key objects as stated in our constitution, the reason for which the Club was established and detailed information on how the Club satisfies those objects.

To assist generally in the promotion, conduct and propagation of Rugby League Football in the St Marys District or elsewhere and to promote or assist in the provision of training and conditioning and teaching facilities for football played in accordance with the rules of the New South Wales Rugby League.

- The Club has a Board of Directors of nine who are responsible for the licensed club and the junior rugby league.
- The Club has a Junior League Committee consisting of 30 persons to assist the Board with the running of the junior rugby league. The attached outlines some of those positions and their responsibilities. The Club funds the honorariums paid to members of the Junior League Committee to off set out of pocket expenses.
- St Marys Rugby League Club is one of the largest junior rugby league clubs in Australia if not the largest, fielding 44 sides per year. The number of sides that the Club can register each year is capped by Penrith Junior Rugby League at the current number of 44.
- The Club provides funding of over \$400,000 for the running of St Marys Junior Rugby League Club. This grant includes costs associated with fielding 44 sides, such as the administration, presentations, trophies, medical supplies, coaching accreditation, first aid, playing gear, year book and season launch expenses.
- The Club provides a minimum of ten scholarships each year to St Marys Junior Rugby League Club players.
- The Club supports and provides financial assistance to every St Marys player at each level of representative football reached.

- The Club works in conjunction with NSW Rugby League for the hosting of coaching clinics for children with both national and international rugby league players.
- The Club employs a full time Rugby League Administrator at a cost of \$70,000 per annum
- Until recently the Club employed a full time Rugby League Coaching and Development officer on a salary of \$66,000. The position was created to promote the game of rugby league amongst schools and encourage children in sport. With gaming taxation and smoking prohibitions the Club was forced to make this position redundant. It is hoped that in the near future the Club will be in a financial position to reinstate this role.

To render aid either financial or by other means to clubs and associations in the St Marys District or elsewhere which clubs and associations are playing or conducting football played in accordance with the rules of the New South Wales Rugby League.

- In 2002 St Marys Ruby League Club entered a joint venture funding 50% of the St Marys Penrith Cougars Premier League and Jim Beam Cup Sides. As a result of smoking prohibitions and increased gaming taxation the Club was forced to end this venture. It is hoped that in the future the Club will be in a financial position to re-establish or seek a similar venture.
- Masters of Rugby League is an over 35's competition which the club supports providing financial assistance to two sides in the competition.

- The International Masters of Rugby League Tournament is held each year and alternates between Australia and New Zealand. The tournament attracts over 56 sides with 35 of the sides from New Zealand and the remainder from across Australia. The tournament attracts over 2,000 players, officials, family and friends and the Club is proud to have hosted this event in 2004 and 2008.
- St Marys Rugby League Club sponsors the Combined High Schools Cup each year providing free use of St Marys Leagues Stadium and jerseys for the winning side.
- St Marys Rugby League Club provides financial assistance to the value of \$10,000 per annum and provides use of St Marys Leagues Stadium for the Western Academy of Sports, Rugby League program.
- St Marys Rugby League Club provides sponsorship in the way of jerseys and playing equipment to 30 schools and rugby league sides from within St Marys and other areas, extending as far as New Zealand and even disadvantaged schools in Fiji.
- St Marys Rugby League Club is a strong and loyal supporter of Variety, the Children's Charity. Since 2000 the Club has entered a car in the Variety Bush Bash on 8 occasions and has already begun fundraising activities for the 9th trip later this year. The Club donates rugby league and other sporting equipment to schools at many of the bash's destinations. In 2007 the Club was unable to take part in the Bash but did arrange for Variety to distribute equipment on behalf of St Marys Rugby League Club.

- The Club commissioned sports author Alan Whiticker to promote and accurately demonstrate the history of St Marys Rugby League Club and the playing of rugby league in St Marys which dates back to 1908. Copies of the book titled "Never a Backward Step, the story of St Marys Rugby League Club" have been donated to schools and libraries throughout the district.

To provide for members and for members' guests a social and sporting Club with all the usual facilities of a Club including residential and other accommodation, liquid and other refreshment, poker machines and other forms of gaming devices, and provision for sporting and other social and recreational facilities.

- St Marys Leagues Stadium (comprising of canteen, family grounds, picnic tables, canteen, grandstand and function room).
- The Café (café area seating 130 persons, open during club hours of operation).
- Bambusa Buffet Restaurant (buffet restaurant catering for 400 persons with terrace area).
- Barbeque Area (outdoor lounge & BBQ with video cube wall and children's play area).
- Sapphire Lounge (lounge seating, dance floor and live entertainment area).
- Saints Sports Lounge (lounge area featuring plasma and giant screen for viewing sporting events).
- Boronia Showroom (seating capacity of 500 for functions & live entertainment).
- Paradigm Room (meeting room for up to 30 persons).
- Gaudi Gaming Lounge & Terrace.

- Saints Hair Salon (hair salon open Tuesday to Saturday providing members and guests with an additional service at affordable prices).
- Bottle-O (convenient take-away bottle shop selling pies, sausage rolls and snack foods).
- TAB (TAB facilities including 36 monitors, large screen and plasma featuring Fox sports, Keno monitor and Sports TAB, Quiktex and internet access to the TAB website).
- Snooker Room (three full size snooker tables and complimentary use for all Members).
- In February 2008 the Club commenced Stage 1 of a multi million dollar, multi stage development. Facilities include additional outdoor areas, new back of house, staff amenities, 300 seat restaurant, family entertainment area and additional car parking.

To provide football grounds and ovals at or near St Marys or elsewhere for the playing and practising of the game of football and for training for such game and to lay-out, prepare, construct, alter and maintain such grounds and ovals for football and other purposes of the Club and to provide, lay-out, prepare, construct, alter and maintain Clubhouses, pavilions, dressing rooms, grandstands and other accommodation and facilities for spectators and other conveniences in connection therewith.

- St Marys Leagues Stadium is the Club's showpiece. A first class facility with state of the art sound and lighting and a playing surface that surpasses many first grade home grounds. The area includes a 600 seat grandstand and corporate facility for over 100 guests. Saints Stadium also has a grassed area and barbeque for families and a total ground capacity of 7,000.

- Over \$100,000 per annum is spent on maintaining "St Marys Leagues Stadium". The Club not only maintains this area but allows sporting associations use of the facility for junior and senior local competition, school and representative rugby league games, coaching clinics, rugby union, soccer and multicultural days involving organisations such as Maori Rugby League and Maltese Rugby League.
- Boronia Park is a council ground used for the playing of rugby league and other sporting activities. The Club assists Council in maintaining these grounds.
- The Club contributed over \$20,000 towards the installation of lights at Boronia Park.
- The Club contributed over \$8,000 towards the installation of cricket nets at Boronia Park.
- The Club provided funds for the laying of concrete around the amenities block at the Boronia Ovals.
- The Kingsway Ovals are Council grounds used for the playing of rugby league. The Club fully maintains these rugby league fields.
- Over \$157,000 per annum is spent on wages for staff to maintain not only St Marys Leagues Stadium but also council grounds such as Boronia Park and the Kingsway Ovals.

To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or past employees of the Club or the dependants or connections of any such persons; and to grant pensions and allowances and to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objections, or for any public, general or useful object.

- Each year St Marys Rugby League Club provides assistance both monetary and in-kind to members and persons associated with St Marys Rugby League Club for the betterment of the community and also to provide assistance to individuals in need. Attached is a list of some of those organisations and individuals that the Club has assisted over the past few years.

Year	Minimum Amount required through CDSE.	Funds provided to the community	Funds provided over and above what is required.
2005/2006	\$357,602.82	Over \$1million	More than \$640,000
2006/2007	\$379,395.34	Over \$900,000	More than \$520,000
2007/2008	\$326,482.50	Over \$900,000	More than \$570,0000

Whilst the Club tries to assist many organisations and people in need each year key fundraising activities and organisations are selected for the Club to support.

- Of all Ovarian Cancer cases treated at Westmead, a referral centre of expertise, 88% are from the Greater West. The Club pledged \$225,000 to the research of Ovarian Cancer between 2002 and 2005.

- In 2006 the Club commenced on the donation and installation of a Liberty Swing for Halinda Special School. The Liberty Swing is a specialised swing for wheelchair bound children, providing the unique experience which most of us took for granted as a child, the ability to experience freedom of movement and the wind in your face.
- In 2007 the Club assisted a local family with two sons who suffer from an undiagnosed genetic condition which left both boys wheelchair bound with the purchase and modification of a new vehicle.
- In 2008 major beneficiaries included the Tregear Public School Breakfast Program and the Tregear Presbyterian Pre-School Speech Therapy Program.
- The Club also promotes fundraising activities amongst patrons with; The World's Greatest Shave (One of the top 30 businesses to raise funds for this event in 2008 and the most funds raised by a Club in NSW with \$23,500 raised. \$40,000 raised in 2009), Hang your Bra, Girls Night In and The Biggest Morning Tea in aid of cancer research and \$20,000 to the Red Cross Victorian Bushfire Appeal.

The Economic Impacts of Gambling Industries, Including Industry Size, Growth, Employment, Organisation and Interrelationships with Other Industries Such as Tourism, Leisure, Other Entertainment and Retailing.

In the 1950's the New South Wales Labor Government introduced poker machines into registered clubs so that the revenue from poker machines could be reinvested back into the community so that persons who otherwise could not afford to, could enjoy subsidised prices on meals, drinks, entertainment and sporting facilities. St Marys Rugby League Club has continued to grow with the community providing facilities for 38,000 members. The list of Club facilities have already been detailed and following is statistical information that highlights the importance of the Club to our local community and business community:

Statistical information

- Membership 38,000
- Employees 143
- Total Wages \$5,507,739
- Total Expenses \$26,860,476
- Number of suppliers approx. 150
- Gaming Machine Tax paid \$5.6m per annum

Over the last five years the Club has conducted a number of significant events that have positively contributed not just to the local economy but NSW tourism.

- International Masters of Rugby League Tournament 2004 & 2008. A week long tournament for the over 35's attracting 56 sides, with 35 of those sides from New Zealand and 21 from across Australia.
- Hosting of the Rugby League World Sevens Qualifier 2003, 2004, 2005, 2006 & 2007. This event attracted local and international teams including; New Zealand Maoris, America Samoa, Aborigines, NSW Country, Japan, Italy and the Newtown Jets.
- Major sponsor of the 2009 World Masters Games.
- Cultural days such as the Maori Rugby League Cultural Day and Tournament, Malta and Lebanon Rugby League tournaments.
- Western Union Sports Pacific Rugby League Day
- Frank Farina Select Soccer Match.

- Variety Club Hot Rod Show.
- Filming of Australian Movie "Footy Legends".
- UK Army Matches
- Rugby League State Carnival
- Rugby League Coaching Clinics with state of origin and first grade club players.
- Rugby Union Coaching Clinics with NSW Waratah Players.
- NSW Rugby Union Finals
- PCYC Tournaments

The Contribution of Gambling Revenue on Community Development Activity and Employment.

When assessing the benefits of gaming on the community, the distinction must be made between community owned gaming and privately owned gaming and each assessed separately on their merits. The distinction is always lost but it is extremely important to recognise and acknowledge that clubs are non profit organisations where all profits must be reinvested into the Club or the community to provide better facilities, benefits or donations for the community. The profits from privately owned gaming simply go into the pockets of the owners / shareholders.

The NSW Government granted hotels with poker machine licences so that they could remain competitive with the club industry. I am sure that the Government did not anticipate at that time that Coles and Woolworths would become the largest owner of privately owned poker machines in Australia.

The Club's constitution has very clearly defined objects which explains what the Club is, what it is about and the role it must play in the community. These objects could not be achieved without the revenue from gaming, it is a simple fact. If the Club did not meet these objects then who would? Clubs were given poker machines for this very reason and 50 years later, nothing has changed for the Clubs. What has changed is the introduction of privately owned gaming.

The Club provides members with an excellent "member benefit" package. The cost of these benefits amounts to over \$1.4m per annum and includes:

- Discounted bar prices
- Discounted restaurant prices
- "Members Only" daily and weekly specials
- Birthday vouchers
- Kids birthday vouchers
- Free Kids Club every Sunday
- Bingo - 6 sessions per week
- Free courtesy bus
- Complimentary tea and coffee
- Members only promotions / giveaways / badge draw
- Free entertainment every Friday & Saturday night

The Club has seven sub clubs consisting of Darts, Snooker, Fishing, Golf, Netball, Cricket, and Masters of Rugby League. The Club subsidises and supports all of these sporting activities with a budget of \$70,000 per annum.

The Nature and Definition of Gambling and the Range of Activities Incorporated in the Definition

The definition of gambling must include all forms of gambling:

- gaming machines
- wagering
- lotteries, lotto, keno
- internet
- sports betting
- stock exchange
- superannuation
- casino table / electronic games

It is interesting to note that in the past, there has been unfair attention on gaming machines as the source of problem gambling. Whether it be the media or politicians who are referring to the 2% of the population that are deemed "problem gamblers" it is assumed that the whole 2% are poker machine players. Even the most reasonable person would disagree with this assumption.

Some may deem that it is drawing a long bow to include the share market as a form of gambling but it is gambling and with what has occurred in the world recently with the financial market highlights that people were gambling with their financial future. If shares/superannuation are deemed as investing then all other forms of gambling should be deemed as investing. The social consequences and financial cost of the share market/superannuation collapse makes gaming machines totally insignificant.

The Participation Profile of Gambling, Including Problem Gamblers and Those at Risk of Problem Gamblers

The participation profile should be conducted for all forms of gambling and not just gaming machines. It is interesting to note the advertising campaigns for each different form of gambling and how they are targeted to different demographics and markets.

With over 25 years experience in the industry I have been confronted with many situations. Two incidents particularly stick in my mind where family members complained that their mother had a gambling problem and wanted her barred from the Club.

I would like to pose the following questions to the inquiry:

- Is a person who comes to the Club three or four times a week and spends all of their disposable income on gaming machines deemed a problem gambler or a potential problem gambler? For many the answer would be yes. If that same person spent all of their disposable income on going to lunch, dinner, live theatre, overnight holidays etc, would that be deemed acceptable? But what if that person had no friends or their family did not care or live close by or they did not like going out or driving at night and the Club was all they had? What if that person enjoyed the Club, enjoyed gambling and the Club provided that much needed social interaction but the family felt that person had a problem?
- If that same person spent the same \$20 per week on lotteries/lotto or wagering, would they be deemed as a problem gambler or a potential problem gambler? What is the difference between gaming machines and lotteries and lotto?
- Would an elderly person who spends \$20,000 over two years on gaming machines be deemed as a problem gambler or a potential problem gambler? For many the answer would be yes. What if that same person spent \$20,000 on overseas travel, would that be deemed acceptable? The trip would provide a few months of enjoyment however that person could experience two years of enjoyment at the Club. By spending a few dollars a day at the Club that person was provided with hours of entertainment, they received some much needed social interaction, they had people they could talk to and were made feel as if they belonged. The person had the money to spend and had two years of enjoyment but the family felt she had a gambling problem and were not interested in what their mother wanted out of life, yet they would have been satisfied if the money was spent on travel.

This is not to say that there are not problem gamblers, but defining potential problem gamblers is very subjective and would need to be qualified.

The Affects of Regulatory Structures

The greatest challenge for clubs is that most of the time regulations are written on the run to appease the media and to secure support for legislation. The regulations are not based on factual research and can have a significant impact on the profitability of the Club. On a whim and a stroke of a pen, a government can destroy a well thought out and excellent strategic business plan.

Clubs exist to provide facilities and benefits for the community and for a club to remain relevant it must evolve with the community and be able to continue to satisfy the needs of the community. A club gets bigger because the community needs it to become bigger. A club could not continue to grow and be successful if the community did not need it and did not support it. As a not for profit organisation, all profits are reinvested into the club but in the majority of cases a loan facility is required to fund the building plan required to meet the demands of the community.

Clubs, like all businesses, are required to submit a business plan to the bank with the critical component being a seven year cash flow projection. It is unconscionable that a club's future could be placed in jeopardy simply because a regulator decides to change the rules and move the goal posts.

A club could have the best strategic plan in the world and the Board of Directors be extremely diligent with their corporate governance and member responsibilities, but they can be made to look incompetent at the government's stroke of a pen.

Regulators need to be conscious of the implications of their decisions and appreciate that a diligent business has a seven year plan in place and if the rules change, they need to be given time to adjust their operations and strategically plan how to deal with such changes.

Over the last five years St Marys Rugby League Club's Board of Directors have conducted several strategic planning sessions and formulated a business/strategic plan for the Club. With a growing population in the Penrith/Blacktown areas it was deemed necessary for a building plan to be put into place to ensure that the Club was able to meet the current and future needs of its members and the community. A master building plan was established, a business plan presented to the bank and a loan facility approved for Stage 1 of the master plan. The Board committed to a substantial loan that can be confidently repaid based on today's environment and regulations. However, with the introduction of smoking prohibitions and increased gaming taxation all club Board's are extremely nervous about making future plans and commitments. Recent history has shown that the government could introduce changes tomorrow that could have a significant impact on club revenue / profitability jeopardising the Club's future financial viability. This has been highlighted with more than 60 clubs across NSW facing amalgamations or closure as a direct result of such changes.

Evaluate the Effective Success of Harm Minimisation Measures

The Club and the industry would support any initiative that reduced problem gambling. Unfortunately over the last ten years initiatives have been introduced without research or factual evidence that the initiative achieved what it was intended for.

Over the last ten years harm minimisation measures have been introduced on the run in order to divert pressure from the government. I believe most of the measures are simply "spin" and the government would not really know whether the measures were effective or achieved the desired result.

One of the key points that need to be made and assessed in the inquiry is how one measure introduced to combat one form of problem gambling is not applicable to all forms of gambling. There needs to be a consistency of measures across all forms of gambling and a level playing field across all forms of gambling.

Examples include:

- Clubs are not permitted to advertise gaming machines or gaming promotions. This has been amended and members may opt in to receive gaming promotional information. Why are all other forms of gambling permitted to advertise without limitation?
- Clubs are not permitted to offer cash prizes for promotions on gaming machines. All other forms of gambling offer major cash prizes as incentives.
- Clubs are not permitted to advertise gaming promotions and promote life changing experiences as a result of a win. Lotteries/lotto continually advertise and promote life changing experiences as a result of a win.
- All forms of gambling compete for the gambling dollar. Stand alone gaming machine jackpots were capped at \$10,000 in 1986 yet lotteries/lotto on a weekly basis promote multi million dollar draws and even \$40million dollar draws.

- Clubs are prohibited from credit betting which is a responsible strategy. On line gambling operators accept bets placed with credit cards, offer inducements such as \$1,000 in free bets and Centre Bet last year printed a flyer offering free "A" league tickets, with entry into the stadium through a Centrebet plastic card, committing people to a \$5 bet.
- Clubs must ensure staff have completed accredited responsible gambling courses and offer free problem gambling counselling. On line gambling operators are not required to meet the same standards and requirements.

In Conclusion

The Club and industry welcome the inquiry and it is hoped that the inquiry identifies:

- Clubs are not for profit organisations where all profits are re-invested into the Club to provide better facilities and benefits for the community.
- Clubs are community owned gaming and it is critical that the differences and benefits of community owned gaming compared to privately owned gaming is acknowledged.
- The definition of gambling includes all forms of gambling.
- Standardised gambling laws should exist across all forms of gambling.
- Harm minimisation strategies should be based on fact and research.
- The need for Government's to acknowledge that clubs operate on long term strategic financial plans and that changes to regulations must consider the effect of changes on Club loan facilities and cash flow.

Please find enclosed a copy of "Never a Backward Step, the story of St Marys Rugby League Club" and the Club's 2008 Year Book. It is hoped that both of these books will provide further insight into the commitment of St Marys Rugby League Club to Junior Rugby League and the Community as a whole.